



Ernie Fletcher
Governor

Mark David Goss
Chairman

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Teresa J. Hill
Vice Chairman

Christopher L. Lilly
Commissioner
Department of Public Protection

Gregory Coker
Commissioner

February 9, 2006

Len F. Hale
General Manager
Hopkinsville Water Environment Authority
101 N. Main Street
P. O. Box 628
Hopkinsville, KY 42241-0628

CERTIFICATE OF SERVICE

RE: Case No. 2005-00174
Hopkinsville Water Environment Authority

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on February 9, 2006.

Executive Director

BOD/jc
Enclosure

Len F. Hale
General Manager
Hopkinsville Water Environment
Authority
101 N. Main Street
P. O. Box 628
Hopkinsville, KY 42241-0628

Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY 40601

Honorable Holland N. McTyeire, V
Attorney at Law
Greenebaum Doll & McDonald PLLC
3300 National City Tower
101 South Fifth Street
Louisville, KY 40202-3197

James Owen
General Manager
Christian County Water District
1960 Dawson Springs Road
P. O. Box 7
Hopkinsville, KY 42241-0007

Honorable Andrew C. Self
Attorney at Law
Deatherage, Myers, Self & Lackey
701 South Main Street
P. O. Box 1065
Hopkinsville, KY 42241-1065

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF HOPKINSVILLE) CASE NO. 2005-00174
WATER ENVIRONMENT AUTHORITY)

ORDER

On April 14, 2005, Hopkinsville Water Environmental Authority ("HWEA") proposed to increase its existing rates for wholesale water service to Christian County Water District ("Christian District") effective July 1, 2005 by approximately 62 percent. On June 15, 2005, after receiving notice of Christian District's objection to the proposed adjustment and request for an investigation of the proposed adjustment, the Commission suspended the proposed adjustment and initiated this proceeding. It further granted Christian District status as a full intervenor in this proceeding.

On December 8, 2005, shortly before the scheduled hearing in this matter, HWEA advised the Commission that the parties had reached an agreement on the level of a rate increase and moved for cancellation of the hearing and Commission approval of that agreement's provisions. The agreement provides for, inter alia, a rate schedule that effectively increases HWEA's wholesale rate by 15 percent. On December 12, 2005, the Commission continued the hearing generally.

Having considered the motion and being otherwise sufficiently advised, the Commission finds that HWEA's motion should be granted and that the agreed rate

schedule be approved.¹ The purpose of the Commission's jurisdiction over a municipal utility's wholesale transactions with a public utility is to ensure that any public utility "consumer/customer that has contracted and become dependent for its supply of water from a city utility is not subject to either excessive rates or inadequate service." Simpson County Water District v. City of Franklin, Ky., 872 S.W.2d 460, 465 (1994).

In the case at bar, this purpose has been served. The affected public utility made clear its objections to the proposed rate adjustment. The municipal utility and public utility have discussed these objections and have reached an accommodation. As the proposed rates on their face appear neither unreasonable nor unconscionable, the Commission sees no need to conduct further proceedings in this matter.

IT IS THEREFORE ORDERED that:

1. The rates set forth in Appendix A are approved for wholesale water service that HWEA renders to Christian District on and after the date of this Order.
2. Within 20 days of the date of this Order, HWEA shall file with the Commission revised tariff sheets that reflect the rates approved herein.

¹ The Commission approves only the agreed rate schedule. It makes no determination on any methodology that the parties may have used to develop these rates. The Commission's approval of the agreed rates should not be construed as acceptance or approval of any rate methodology.

Done at Frankfort, Kentucky, this 9th day of February, 2006.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2005-00174 DATED FEBRUARY 9, 2006.

The following rates and charges are prescribed for HWEA. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Wholesale Water Rate

First	3,000 cubic feet	\$2.16 per 100 cubic feet
Next	3,000 cubic feet	1.89 per 100 cubic feet
Over	6,000 cubic feet	1.37 per 100 cubic feet